

**CONSUMERS ILLINOIS WATER COMPANY**

Kankakee Water Division

Rate Case Docket No. 00-

Schedule

D - 5

Page

1 of 1

Person Responsible:

F. Simpson

Proposed Test Year Period: Future

Period Reported: Pre-1952 - 2001

Prior Year (1999) 12 Mo. Actual

**Common Equity Issuance Expense (Total Company)**

<u>Line</u>	Issue Type, ICC Docket Authorizing Issue (A)	Date of Issuance (B)	Gross Proceeds (C)	Underwriters' Discounts (D)	Issuance Expenses (E)	Net Proceeds (F)	ICC Docket Authorizing Recovery In Rates (G)	Authorized Amortization Period (H)
1	Common Stock - (unknown)	Pre-1952	\$467,375	\$0	\$0	\$467,375	None	None
2	(#43713)	1956	382,625	0	2,839	379,786	None	None
3	(#46256)	1959	400,000	0	3,636	396,364	None	None
4	(#78-0581)	1979	937,500	0	4,521	932,979	None	None
5	Merger with "Old CIWC"(UP)(#87-0402)	1988	0	0	6,318	-6,318	None	None
6	Common Stock - (#95-0266)	1995	466,100	0	5,536	460,564	None	None
7	Merger with Interstate (#95-0266)	1995	0	0	21,569	-21,569	None	None
8	Common Stock - (#98-0032)	1998	<u>330,000</u>	<u>0</u>	<u>4,000</u>	<u>326,000</u>	None	None
9								
10								
11	TOTAL		\$2,983,600	\$0	\$48,419	\$2,935,181		

CONSUMERS ILLINOIS WATER COMPANY  
Kankakee Water Division  
Rate Case Docket No. 00-

Schedule  
Page  
Person Responsible:

D - 6  
1 of 3  
F. Simpson

Proposed Test Year Period: Future  
Period Reported: 1998 - 2001  
Prior Year (1999) 12 Mo. Actual

Statement of Cash Flows (Total Company)

Line	Description (A)	Actual 1998 (B)	Actual 1999 (C)	Projected 2000 (D)	Projected 2001 (E)
1	<u>Cash Flows From Operating Activities:</u>				
2	Net Income Before Preferred Dividends	\$2,898,623	\$3,837,154	\$3,286,472	\$2,361,378
3	Adjustments to Reconcile Net Income to Net Cash Provided				
4	by Operating Activities:				
5	Depreciation and Amortization	4,416,378	3,961,936	4,053,463	4,405,833
6	Deferred Taxes, Investment Tax Credit and Other	536,900	387,506	569,958	378,802
7	Changes in Current Assets and Liabilities:				
8	Change in Accounts Receivables, Unbilled Revenue,				
9	Materials and Supplies and Prepayments	-204,529	-45,526	44,913	-3,061
10	Change in Accounts Payables and Other Current Liabilities	866,236	-101,353	52,181	100,155
11	Change in Accrued Interest	10,015	-63,595	62,101	0
12	Other (Net)	-1,471,454	-332,288	-887,386	-357,798
13	Total Adjustments	4,153,546	3,806,680	3,895,230	4,523,931
14	Net Cash Provided by Operating Activities	\$7,052,169	\$7,643,834	\$7,181,702	\$6,885,309
15					
16	<u>Cash Flows From Investing Activities:</u>				
17	Capital Expenditures - Net of Dispositions	-5,017,445	-7,111,600	-10,017,697	-4,590,926
18	Net Cash Used In Investing Activities	-\$5,017,445	-\$7,111,600	-\$10,017,697	-\$4,590,926
19					
20	<u>Cash Flows From Financing Activities:</u>				
21	Issuance of Common Stock	3,996,000	0	0	0
22	Issuance of Long - Term Debt	0	0	2,000,000	0
23	Borrowings of Short -Term Debt, Net	-2,600,000	1,000,000	400,000	-500,000
24	Repayment of Long -Term Debt	-15,984	-19,425	-19,718	-20,015
25	Costs of Financing Long - Term Debt	-38,641	0	0	0
26	Customer Advances and CIAC-Net of Repayments	316,256	791,434	-7,917	21,509
27	Dividends Paid	-2,491,500	-3,505,000	-22,000	-1,747,000
28	Net Cash Provided by Financing Activities	-\$833,869	-\$1,732,991	\$2,350,365	-\$2,245,506
29					
30	Net Increase (Decrease) in Cash and Cash Equivalents	\$1,200,855	-\$1,200,757	-\$485,630	\$48,877
31					
32	Cash and Cash Equivalents at Beginning of Year	514,574	1,715,429	514,672	29,042
33					
34	Cash and Cash Equivalents at End of Year	<u>\$1,715,429</u>	<u>\$514,672</u>	<u>\$29,042</u>	<u>\$77,919</u>

Proposed Test Year Period: Future  
Period Reported: 2000

## Statement of Cash Flows (Total Company)

Line	Description (A)	Forecasted Jan-00 (B)	Forecasted Feb-00 (C)	Forecasted Mar-00 (D)	Forecasted Apr-00 (E)	Forecasted May-00 (F)	Forecasted Jun-00 (G)	Forecasted Jul-00 (H)	Forecasted Aug-00 (I)	Forecasted Sep-00 (J)	Forecasted Oct-00 (K)	Forecasted Nov-00 (L)	Forecasted Dec-00 (M)	Forecasted 12/31/00 (N)
1	<u>Cash Flows From Operating Activities:</u>													
2	Net Income Before Preferred Dividends	\$291,372	\$218,965	\$213,239	\$255,465	\$242,639	\$283,832	\$356,386	\$376,447	\$329,837	\$291,806	\$221,556	\$204,928	\$3,286,472
3	Adjustments to Reconcile Net Income to Net Cash Provided													
4	by Operating Activities:													
5	Depreciation and Amortization	313,525	316,902	323,098	333,277	334,441	336,971	339,525	343,829	348,782	353,938	354,456	354,719	4,053,463
6	Deferred Taxes, Investment Tax Credit and Other	21,568	17,142	120,274	13,840	43,594	13,660	13,741	13,742	13,740	230,125	11,923	56,609	569,958
7	Changes in Current Assets and Liabilities:													
8	Change in Accounts Receivables, Unbilled Revenue,													0
9	Materials and Supplies and Prepayments	44,913	0	0	0	0	0	0	0	0	0	0	0	44,913
10	Change in Accounts Payables and Other Current Liabilities	-36,809	8,090	8,090	8,090	8,090	8,090	8,090	8,090	8,090	8,090	8,090	8,090	52,181
11	Change in Accrued Interest	-6,809	265,740	-696,893	268,891	275,192	-106,120	-15,363	260,968	-652,518	273,570	276,090	-80,647	62,101
12	Other (Net)	184	184	-259,816	183	-10,910	183	-68,312	184	184	-549,817	184	183	-887,386
13	Total Adjustments	336,572	608,058	-505,247	624,281	650,407	252,784	277,681	626,813	-281,722	315,906	650,743	338,954	3,895,230
14	Net Cash Provided by Operating Activities	\$627,944	\$827,023	-\$292,008	\$879,746	\$893,046	\$536,616	\$634,067	\$1,003,280	\$48,115	\$607,712	\$872,299	\$543,882	\$7,181,702
15														
16	<u>Cash Flows From Investing Activities:</u>													
17	Capital Expenditures - Net of Dispositions	-538,998	-335,494	-1,075,763	-1,009,697	-1,918,586	3,588,919	-2,170,800	-1,626,057	-1,371,399	-1,340,345	-1,225,730	-993,747	-10,017,697
18	Net Cash Used In Investing Activities	-\$538,998	-\$335,494	-\$1,075,763	-\$1,009,697	-\$1,918,586	\$3,588,919	-\$2,170,800	-\$1,626,057	-\$1,371,399	-\$1,340,345	-\$1,225,730	-\$993,747	-\$10,017,697
19														
20	<u>Cash Flows From Financing Activities:</u>													
21	Issuance of Common Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Issuance of Long - Term Debt	0	0	0	0	0	0	2,000,000	0	0	0	0	0	2,000,000
23	Borrowings of Short -Term Debt, Net	500,000	-500,000	500,000	0	1,000,000	-4,000,000	0	100,000	1,300,000	700,000	400,000	400,000	400,000
24	Repayment of Long -Term Debt	0	0	0	0	0	0	0	0	0	0	-19,718	0	-19,718
25	Costs of Financing Long - Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Customer Advances and CIAC-Net of Repayments	0	0	-44,405	6,000	0	8,280	6,000	0	2,428	5,500	0	8,280	-7,917
27	Dividends Paid	0	0	-5,500	0	0	-5,500	0	0	-5,500	0	0	-5,500	-22,000
28	Net Cash Provided by Financing Activities	\$500,000	-\$500,000	\$450,095	\$6,000	\$1,000,000	-\$3,997,220	\$2,006,000	\$100,000	\$1,296,928	\$705,500	\$380,282	\$402,780	\$2,350,365
29														
30	Net Increase (Decrease) in Cash and Cash Equivalents	\$588,946	-\$8,471	-\$917,676	-\$123,951	-\$25,540	\$128,315	\$469,267	-\$522,797	-\$26,356	-\$27,133	\$26,851	-\$47,085	-\$485,630
31														
32	Cash and Cash Equivalents at Beginning of Year	514,672	1,103,618	1,095,147	177,471	53,520	27,980	156,295	625,562	102,765	76,409	49,276	76,127	514,672
33														
34	Cash and Cash Equivalents at End of Year	<u>\$1,103,618</u>	<u>\$1,095,147</u>	<u>\$177,471</u>	<u>\$53,520</u>	<u>\$27,980</u>	<u>\$156,295</u>	<u>\$625,562</u>	<u>\$102,765</u>	<u>\$76,409</u>	<u>\$49,276</u>	<u>\$76,127</u>	<u>\$29,042</u>	<u>\$29,042</u>

CONSUMERS ILLINOIS WATER COMPANY

Kankakee Water Division  
Rate Case Docket No. 00-

Proposed Test Year Period: Future  
Period Reported: 2001

Schedule  
Page  
Person Responsible:

D - 6  
3 of 3  
F. Simpson

## Statement of Cash Flows (Total Company)

Line	Description (A)	Forecasted Jan-01 (B)	Forecasted Feb-01 (C)	Forecasted Mar-01 (D)	Forecasted Apr-01 (E)	Forecasted May-01 (F)	Forecasted Jun-01 (G)	Forecasted Jul-01 (H)	Forecasted Aug-01 (I)	Forecasted Sep-01 (J)	Forecasted Oct-01 (K)	Forecasted Nov-01 (L)	Forecasted Dec-01 (M)	Forecasted 12/31/01 (N)
1	<u>Cash Flows From Operating Activities:</u>													
2	Net Income Before Preferred Dividends	\$209,000	\$157,000	\$153,000	\$184,000	\$174,000	\$204,000	\$256,000	\$270,000	\$237,000	\$210,000	\$159,000	\$148,378	\$2,361,378
3	Adjustments to Reconcile Net Income to Net Cash Provided													
4	by Operating Activities:													
5	Depreciation and Amortization	355,000	356,000	358,000	360,000	363,000	366,000	370,000	373,000	375,000	376,000	376,000	377,833	4,405,933
6	Deferred Taxes, Investment Tax Credit and Other	20,000	20,000	100,000	20,000	62,000	20,000	35,000	20,000	20,000	20,000	20,000	21,802	378,802
7	Changes in Current Assets and Liabilities:													
8	Change in Accounts Receivables, Unbilled Revenue,													0
9	Materials and Supplies and Prepayments	-255	-255	-255	-255	-255	-255	-255	-255	-255	-255	-255	-256	-3,061
10	Change in Accounts Payables and Other Current Liabilities	8,346	8,346	8,346	8,346	8,346	8,346	8,346	8,346	8,346	8,347	8,347	8,347	100,155
11	Change in Accrued Interest	0												
12	Other (Net)	184	184	-199,816	183	-114,817	184	-44,816	183	183	184	183	183	-357,798
13	Total Adjustments	383,275	384,275	266,275	388,274	318,274	394,275	368,275	401,274	403,274	404,276	404,275	407,909	4,523,931
14	Net Cash Provided by Operating Activities	\$592,275	\$541,275	\$419,275	\$572,274	\$492,274	\$598,275	\$624,275	\$671,274	\$640,274	\$614,276	\$563,275	\$556,287	\$6,885,309
15														
16	<u>Cash Flows From Investing Activities:</u>													
17	Capital Expenditures - Net of Dispositions	-200,000	-200,000	-300,000	-350,000	-450,000	-500,000	-650,000	-650,000	-440,926	-400,000	-250,000	-200,000	-4,590,926
18	Net Cash Used In Investing Activities	-\$200,000	-\$200,000	-\$300,000	-\$350,000	-\$450,000	-\$500,000	-\$650,000	-\$650,000	-\$440,926	-\$400,000	-\$250,000	-\$200,000	-\$4,590,926
19														
20	<u>Cash Flows From Financing Activities:</u>													
21	Issuance of Common Stock	0												0
22	Issuance of Long - Term Debt	0												0
23	Borrowings of Short -Term Debt, Net	0	-500,000											-500,000
24	Repayment of Long -Term Debt	0										-20,015		-20,015
25	Costs of Financing Long - Term Debt	0												0
26	Customer Advances and CIAC-Net of Repayments	0	-28,009		8,000	8,000	8,000	8,000	8,000	2,148	7,370			21,509
27	Dividends Paid	0		-436,750			-436,750			-436,750			-436,750	-1,747,000
28	Net Cash Provided by Financing Activities	\$0	-\$528,009	-\$436,750	\$8,000	\$8,000	-\$428,750	\$8,000	\$8,000	-\$434,602	\$7,370	-\$20,015	-\$436,750	-\$2,245,506
29														
30	Net Increase (Decrease) in Cash and Cash Equivalents	\$392,275	-\$186,734	-\$317,475	\$230,274	\$50,274	-\$330,475	-\$17,725	\$29,274	-\$235,254	\$221,646	\$293,260	-\$80,463	\$48,877
31														
32	Cash and Cash Equivalents at Beginning of Year	29,042	421,317	234,583	-82,892	147,382	197,656	-132,819	-150,544	-121,270	-356,524	-134,878	158,382	29,042
33														
34	Cash and Cash Equivalents at End of Year	<u>\$421,317</u>	<u>\$234,583</u>	<u>-\$82,892</u>	<u>\$147,382</u>	<u>\$197,656</u>	<u>-\$132,819</u>	<u>-\$150,544</u>	<u>-\$121,270</u>	<u>-\$356,524</u>	<u>-\$134,878</u>	<u>\$158,382</u>	<u>\$77,919</u>	<u>\$77,919</u>

CONSUMERS ILLINOIS WATER COMPANY  
Kankakee Water Division  
Rate Case Docket No. 00-

Schedule D - 7  
Page 1 of 1  
Person Responsible: F. Simpson

Proposed Test Year Period: Future  
Period Reported: 1992 - 2001  
Prior Year (1999) 12 Mo. Actual

## Security Quality Ratings

### Line

1	A) History of the Changes in Ratings:
2	
3	
4	NONE
5	
6	
7	
8	
9	
10	B)
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	C)
21	
22	
23	
24	
25	
26	
27	
28	
29	
30	

CONSUMERS ILLINOIS WATER COMPANY  
Kankakee Water Division  
Rate Case Docket No. 00-

Schedule  
Page  
Person Responsible:

D - 8  
1 of 20  
F. Simpson

Proposed Test Year Period: Future  
Period Reported: 1997 - 2001  
Prior Year (1999) 12 Mo. Actual

### Security Issuance Restrictions

Line

1 A) Calculation of the Financial Tests Required:

	<u>12/31/97</u>	<u>12/31/98</u>	<u>12/31/99</u>	<u>Projected 12/31/00</u>	<u>Projected 12/31/01</u>
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					

Interest Coverage:

Revenues

Less: Operating Expenses excluding  
income taxes

Earnings applicable to bond interest

Annual Bond Interest Requirement

Net Earnings Percentage

Ratio of Bonds to Property:

Net Plant

Bondable Property Percentage

Total Maximum

B) Description of each Financial Test:

Please see Schedule D - 8 pages 2 - 20.

Generally, the Company may only issue Mortgage Bonds by meeting the following two tests:

(a) Interest Coverage. The net earnings of the Company for a period of any twelve consecutive calendar months within the fifteen calendar months immediately preceding the month in which application for the issuance of the Mortgage Bonds is made must be at least 175% of the sum of annual interest charges on all Mortgage Bonds outstanding under the Mortgage and all Mortgage Bonds applied for. In the event that the Company has acquired property, or a rate increase has been approved and becomes effective subsequent to the beginning of the interest coverage test period, the Company may, in certain circumstances, include earnings from such newly acquired properties and from such rate increases over the entire period used to calculate net earnings for purposes of meeting this bond issuance test. However, net earnings will be adjusted to eliminate gains or losses from the sale of assets.

(b) Ratio of Mortgage Bonds to Bondable Property. The principal amount of the Mortgage Bonds applied for, when added to the unpaid principal amount of Mortgage Bonds to be outstanding immediately after the issuance, may not exceed 66 $\frac{2}{3}$ % of the cost, as defined in the Mortgage, or of the fair value, whichever is less, of the permanent additions constructed or erected by the Company subsequent to the first day of July, 1939 and used or useful in connection with the business conducted by the Company of acquiring, storing, supplying, distributing, selling or otherwise disposing of water for domestic, commercial, industrial and other uses or of collecting and treating sewerage.

In addition to issuing Mortgage Bonds upon the basis of permanent additions, the Company may also issue Mortgage Bonds under certain circumstances (i) upon the retirement of Mortgage Bonds previously secured by the Mortgage and previously outstanding thereunder and (ii) upon the deposit of cash with the Mortgage Trustee in an amount equal to the principal amount of the Mortgage Bonds to be issued and a certificate showing that the Company meets the same interest coverage test applicable to Mortgage Bonds issued upon the basis of permanent additions. The cash so deposited with the Mortgage Trustee shall be subject to withdrawal by the Company as provided in the Mortgage.

---

---

# Mortgage and Deed of Trust

OF

KANKAKEE WATER COMPANY

TO

THE PORTLAND NATIONAL BANK

AND

FRANCIS W. DANA,  
As Trustees.

---

SECURING FIRST MORTGAGE BONDS

---

*Dated June 1, 1939*

FOR AMENDMENTS TO  
THIS INDENTURE  
SEE SUPPLEMENTAL  
INDENTURE B  
JANUARY 1, 1946



the aggregate face amount of bonds issued and outstanding under this Indenture does not exceed an amount which shall be specified in the certificate;

(5) The officially authenticated certificates or other documents, if any, specified in the opinion of counsel provided for in subdivision (3) above including evidence satisfactory to the Corporate Trustee of the payment or provision for payment of any taxes therein referred to;

(6) If the bonds, the authentication and delivery of which is applied for, are not a part of any series then existing, the supplemental indenture creating the series of which such bonds are a part and a resolution, as herein defined, authorizing the execution and delivery thereof by the Company.

SECTION 2. No bonds in addition to those provided for in Section 1 of Article III hereof shall be authenticated and delivered hereunder by the Corporate Trustee except in accordance with the provisions of Article V, Article VI or Article VII hereof, or except upon transfer of or in exchange for bonds previously outstanding under this Indenture or in lieu of bonds lost, stolen, destroyed or mutilated as provided in Article II hereof, nor at any time when the Corporate Trustee has knowledge that the Company is in default under any of the provisions of this Indenture.

#### ARTICLE V.

##### ISSUANCE OF BONDS UPON THE BASIS OF PERMANENT ADDITIONS.

SECTION 1. Subject to the provisions of Sections 1 and 2 of Article IV hereof, bonds in addition to those provided for in any other section hereof may from time to time be executed by the Company and delivered to the Corporate Trustee and shall be authenticated and delivered by the Corporate Trustee upon the basis of the acquisition or construction of permanent additions, as herein defined. Such additional bonds, however, shall be authenticated and delivered only in accordance with and subject to the conditions, provisions and limitations set forth in the next succeeding four sections of this Article numbered from 2 to 5, both inclusive.

SECTION 2. No bonds shall be authenticated and delivered at any time under the provisions of this Article upon the basis of the acquisition or construction of

(a) any property not included within the definition of permanent additions contained in Section 4 of Article I hereof, or

(b) any property which has not been or is not simultaneously with the authentication and delivery of bonds applied for subjected to the lien hereof other than (1) paving, grading and other improvements to public highways and (2) chattels, real or personal, which are not permitted by

must be  
subject to lien

law as of any particular time to be mortgaged or pledged without the delivery of the possession thereof by the mortgagor or pledgor to the mortgagee or pledgee.

(c) any property which has previously been made the basis for the authentication and delivery of bonds hereunder, or for the withdrawal of cash deposited under the provisions of Section 1 of Article VII or Section 17 of Article VIII hereof; or

(d) any property which has previously been made the basis for the withdrawal under Section 5 of Article VIII hereof or under Section 10 of Article X hereof, of cash representing either insurance moneys received or the proceeds of property released from the lien hereof (unless such cash shall be the proceeds including insurance moneys of property not owned by the Company on July 1, 1939, and not made the basis for the issuance of bonds hereunder or the withdrawal of cash under any of the provisions hereof subsequent to July 1, 1939, or shall have been replaced under the provisions of Section 11 of Article X hereof); or

(e) any property which has previously been used in lieu of the deposit of cash under the provisions of Section 16 of Article VIII hereof; or

(f) any property which has previously been made the basis for the release of property under the provisions of Section 3 of Article X hereof; or

(g) any substituted property acquired by the Company in the exercise by it of any right which it may have to apply the proceeds of property theretofore subject to the lien hereof sold or taken by eminent domain, to the acquisition of such substituted property, without depositing such proceeds with the Corporate Trustee hereunder; or

(h) any property used by the Company in lieu of the deposit of cash with the Corporate Trustee hereunder, in the exercise of any right which the Company may have to subject property to the lien hereof or to certify permanent additions to the Corporate Trustee in lieu of the deposit of moneys otherwise required to be deposited with the Corporate Trustee in any fund, derived from insurance moneys or the release of property from the lien hereof; or

(i) any property, subject to any lien, for the payment of money or its equivalent, prior to the lien of this Indenture, except (a) prepaid liens, as herein defined, (b) the lien of taxes for the then current year and of taxes, assessments or governmental charges not then due or delinquent and (c) liens securing indebtedness which has neither been assumed by the Company nor on which it customarily pays interest charges existing upon real estate or rights in or relating to real estate acquired for right-of-way purposes and not upon any other permanent additions; provided, that any permanent additions as defined in Section 4 of Article I

hereof, included within the terms of clauses (f), (g) or (h) of this Section, acquired in exchange for or with the proceeds (including insurance money) of property not owned by the Company on July 1, 1939, and not made the basis for the issuance of bonds or the withdrawal of cash hereunder, subsequent to July 1, 1939, shall not be excluded by the provisions of this Section as a basis for the issuance of bonds.

Any permanent additions, which shall have been certified to the Corporate Trustee at any time or shall have been specified or described in any certificate delivered to the Corporate Trustee in accordance with any of the provisions of this Indenture as a basis for the authentication and delivery of bonds or the withdrawal of cash, or in lieu of the deposit of cash, under any of the provisions of this Indenture, of a cost or value, whichever shall be less, in excess of the amount thereof required by the provisions of this Indenture as a basis for the authentication and delivery of the bonds authenticated and delivered or the withdrawal of the cash withdrawn, or in lieu of the deposit of cash withheld upon the basis of such permanent additions so specified or described, shall be available upon any subsequent application as a basis for the authentication and delivery of bonds or the withdrawal of cash or for the withholding of cash under any of the provisions of this Indenture at the cost or value, whichever shall be less, stated in the certificate relating thereto and it shall not be necessary to again deliver to the Corporate Trustee in any document any of the statements or opinions in relation thereto provided for in Section 5 of this Article except an engineer's certificate as herein defined, stating that such excess property has not been used in such manner as to disqualify it as a basis for the issuance of bonds since the authentication and delivery of the bonds or the withdrawal of cash or withholding of cash in connection with which the certificate specifying or describing such property was delivered to the Corporate Trustee.

SECTION 3. No bonds shall be authenticated and delivered under the provisions of this Article upon the basis of the acquisition or construction of any permanent additions until the cost of such permanent additions and the fair value thereof, shall have been certified to the Corporate Trustee as hereinafter in Section 5 of this Article provided and the Corporate Trustee shall not authenticate and deliver under the provisions of this Article bonds in principal amount exceeding seventy-five per centum (75%) of the cost, as herein defined, or of such fair value whichever is less, of the permanent additions forming the basis of such authentication and delivery.

C: 6673

SECTION 4. No bonds shall be authenticated and delivered under this Article unless as shown by a net earnings certificate, as herein defined, the average annual amount of the earnings applicable to bond interest, as herein defined, for period of three consecutive years ending not more than three months prior to the date of any application for authentication and delivery of bonds shall have been at least equivalent to one and three-fourths times the

Supp H

interest requirements for a period of one year upon (a) the bonds applied for, and (b) all bonds outstanding, as herein defined, hereunder on the date of such application.

SECTION 5. No application by the Company to the Corporate Trustee for the authentication and delivery of bonds under this Article shall be granted by the Corporate Trustee, until the Corporate Trustee shall have received:

(1) The documents provided for in Section 1 of Article IV.

(2) An engineer's certificate, as herein defined, briefly describing the permanent additions made the basis of the application and stating that they are permanent additions, as defined in Section 4 of Article I hereof, that they are desirable for use in the profitable conduct of the Company's business, and that they do not consist in whole or in part of properties which under the provisions of Section 2 of this Article are not permitted to be made the basis of the authentication and delivery of bonds; and stating what part, if any, of such permanent additions consists of property which has been acquired as an operating entirety; and stating separately the cost, as defined herein, and the then fair value of such permanent additions. If any permanent additions included in any certificate provided for in this subdivision (2) of this Section consist of property which has been acquired as an operating entirety then (1) the cost thereof upon the basis of which bonds may be authenticated under this Article may include the cost of any rights and intangible property simultaneously acquired with the same, for which no separate or distinct consideration shall have been paid or apportioned, and (2) the certificate shall describe such property in reasonable detail and contain a brief statement of the considerations governing the signer's determination of the fair value thereof, and shall further state that in stating such fair value, only the value of the physical property, exclusive of any attached or intangible value, was taken into consideration.

(3) A net earnings certificate, as herein defined, specifying the average annual amount of the earnings applicable to bond interest for a period of three consecutive years ending not more than three months prior to the date of the accompanying application for authentication and delivery of bonds and stating the aggregate principal amount of the bonds mentioned in clauses (a) and (b) of Section 4 of this Article and the interest requirement on such bonds for a period of one year.

(4) An opinion of counsel, as herein defined, stating that in the opinion of the signer: (A) the Company has title to all of the permanent additions other than the paving, grading and other improvements to public highways forming the basis of the accompanying application or that upon the delivery of instruments of conveyance, assignment or transfer specified in the opinion, it will have title to such permanent additions; (B) that

all of such permanent additions, other than (1) paving, grading and other improvements to public highways, (2) chattels, real or personal which are not permitted by law to be mortgaged or pledged without the delivery of possession thereof by the mortgagor and pledgor to the mortgagee or pledgee, are subject to the lien of this Indenture and that none of such permanent additions are subject to any lien for the payment of money or its equivalent prior to the lien of this Indenture, except (a) prepaid liens, as herein defined, (b) taxes for the current year and taxes, assessments and other governmental charges not then due or delinquent and (c) liens securing indebtedness which has neither been assumed by the Company nor on which it customarily pays interest charges existing upon real estate or rights in or relating to real estate acquired for right-of-way purposes and not upon any other property additions or, in the alternative, stating what, if any, documents should be delivered, recorded or filed so to subject such property to the lien of this Indenture; and (C) that the Company has corporate authority and all necessary permission from governmental authorities to own and, except as to properties for which the Company has no valid franchise, to operate the permanent additions in respect of which the application is made. Such opinion may also state that the title to such permanent additions or any specified part thereof in addition to the liens referred to in clauses (a), (b) and (c) above is subject to easements, restrictions or minor defects of title and the general nature thereof; and such easements, restrictions and minor defects of title shall not prevent the authentication and delivery of the bonds applied for if such opinion shall also state that in the opinion of the signer they do not materially affect the security afforded by this Indenture for the bonds issued hereunder or the right of the Company to use such property in the conduct of its business for the purpose for which it acquired the same.

(5) The instruments of conveyance, assignment and transfer, if any, specified in such opinion of counsel, in accordance with clause (A) of the foregoing subdivision (4), or evidence satisfactory to the Corporate Trustee of the delivery thereof to the Company, and the documents, if any, stated in such opinion of counsel, in accordance with clause (B) of the foregoing subdivision (4), or evidence satisfactory to the Corporate Trustee of the delivery or recording or filing thereof.

#### ARTICLE VI.

##### ISSUANCE OF BONDS UPON RETIREMENT OF BONDS SECURED HEREBY PREVIOUSLY OUTSTANDING.

SECTION 1. The Company may from time to time issue and the Corporate Trustee shall authenticate and deliver, subject to the provisions of Sections 1 and 2 of Article IV hereof, bonds hereby secured in addition to those provided for in any other Section hereof, in an aggregate principal amount not exceed-

FILED  
KNOX COUNTY RECORDER

Schedule D-8  
Page 9 of 20

'91 MAR 14 11:14

GALESBURG, ILL. 40

767950

BOOK 1512 PAGE 299

---

SUPPLEMENTAL INDENTURE C

KANKAKEE WATER COMPANY

to

FIRST PORTLAND NATIONAL BANK

and

FRANCIS W. DANA,

As Trustees.

---

DATED NOVEMBER 1, 1951

---

NO 414980

STATE OF ILLINOIS, KANKAKEE COUNTY.

FILED FOR RECORD Nov. 13, 1951

AT 10:11 A.M. AND RECORDED IN BOOK

NO. 660 OF RECORDS ON PAGE 191

Ray J. Arseneau RECORDER

I.T.

Providing for First Mortgage Bonds, Series D, 3-3/4%

---

charges or provision for depreciation, insurance charges, damages, license fees and actual expenditures for ordinary repairs and maintenance, but not including in operating expenses, interest charges, charges or reserves for amortization of debt and stock discount premium and expense, or income and other taxes imposed on income only after the deduction of interest charges."

provided, however, that the amendment made by this Section 4 shall not be effective in respect to the authentication and delivery of any Series D, 3-3/4% Bonds.

Section 5. The percentage "seventy per centum (70%)" and/or "seventy per cent." and/or "70%", appearing in the following places in the Original Indenture, as amended by Supplemental Indenture B, viz: Article V, Section 3, the seventh line; Article VII, Section 3, the sixth and seventh lines; Article VIII, Section 17, second paragraph, the second, third and seventeenth lines; and Article X, Section 10, the thirty-second line, are hereby changed to read "sixty-six and two-thirds per cent. (66-2/3%)". The change made by this Section 5 shall not be effective in respect to permanent additions (as defined in the Original Indenture) heretofore or hereafter acquired or constructed by the Company which are used as the basis (i) for the authentication and delivery of Series D, 3-3/4% Bonds under the provisions of paragraph (a) of Section 3 of Article I hereof and (ii) for the withdrawal of an aggregate amount of cash equal to the amount of cash deposited with the Corporate Trustee under the provisions of paragraph (b) of said Section 3.

Section 6. Article X, Section 3(2)(b)(2), of the Original Indenture is hereby amended so as to read as follows:

"(2) obligations secured by purchase money mortgage upon the property released not exceeding sixty-six and two-thirds per cent. (66-2/3%) of the value of the property released, or"

Section 7. Article X, Section 3(4), of the Original Indenture is hereby amended so as to read as follows:

"(4) an opinion of counsel, as herein defined, to the effect that any obligations included in the consideration for such release are, in his or their opinion, valid obligations, and that any purchase money mortgage securing the same is sufficient to afford a first lien upon the property to be released, and stating also, in case the Trustees are requested to release any franchise, that such release will not impair the right of the Company to operate any of its remaining properties;"